

## **TESTIMONY OF BRIDGESTONE/FIRESTONE, INC.**

On August 9, 2000, Bridgestone/Firestone, Inc. ("Firestone") voluntarily recalled an estimated 6.5 million tires manufactured by Firestone in North America in the 1990s. Firestone undertook this massive effort in the interest of public safety and in cooperation with Ford Motor Company and the NHTSA.

The recalled tires, all P235/75R15 Firestone Radial ATX and ATXII tires manufactured in North America and P235/75R15 Firestone Wilderness AT tires manufactured at its Decatur, Illinois plant, have been used for most of the last decade as original equipment on light trucks and sport utility vehicles, including the popular Ford Explorer.

Because of the safety issues involved, Firestone chose not to limit the recall to a particular manufacturing period or to tires sold only in the last few years. Instead, Firestone is replacing its customers' tires or reimbursing customers who purchase competitors' tires, no matter how old and high mileage their recalled Firestone tires might be.

A small percentage of recalled tires have experienced tread belt separations in a number of serious accidents. *It should be kept in mind that all steel belted radial tires will ultimately experience tread belt separation if pushed to their limits.* Tread belt separations are usually caused by damage to the tires, improper repairs, overload, underinflation, or simply by using tires with excessive wear. However, such separations can also be caused by defects. We are searching hard to determine whether there was a design or manufacturing cause of these tread belt separations. We believe the vast

majority of the recalled tires are safe, but the incidents and injuries involving these tires led to the recall.

Since the recall was announced, there has been strong public reaction, most of it negative. Firestone has received substantial criticism, including claims of shoddy manufacturing processes and attacks on the quality of our workforce. Class action lawsuits have been filed asking courts to order changes in the scope or timing of the recall. Interest groups aligned with parties adverse to the tire industry have urged that Firestone recall up to 34 million additional tires, despite a lack of any basis for such a massive recall.

The facts are that Firestone's actions in early August were both timely and adequate. Indeed, a more limited recall of tires would have been justified, but Firestone broadened the recall to assure safety and consumer confidence.

Firestone vigilantly monitors data on the in-service performance of its tire lines. We do product testing; we study warranty adjustment data; and, where possible, we analyze failed tires returned from the field. All these indicators showed satisfactory performance on the part of these tires. The ATX, ATXII and Wilderness AT tires passed design, development and Federal Motor Vehicle Safety Standard testing, as well as Ford's development and test track requirements. Our warranty returns and adjustment data place these tire lines roughly in the middle of all our lines. And, our analysis of failed tires has shown that failures were caused by external damage, by improper maintenance, or by operating with tire pressure significantly below the 26 psi level recommended for the Explorer by Ford.

Historically, Firestone has not used property damage and personal injury claim

data as a reliable indicator of tire performance. There are generally not a sufficient number of claims from which to draw meaningful conclusions. However, because of the growing number of failure reports this summer and the lack of any indication of problems using the traditional methods of assessing performance, Firestone analyzed the claims data in a joint effort with Ford, and the analysis showed a substantial number of claims in the P235/75R15 size and an overrepresentation of tires produced in the Decatur plant. That analysis, coupled with reports of serious accidents involving tread belt separations on Ford Explorers especially in hot climate states led Firestone to decide on August 8, 2000, to conduct a voluntary recall for customer safety reasons.

To reiterate, Firestone has not historically relied upon property damage and personal injury claims data in analyzing our tires' performance. Property damage claims do not involve injuries or death. They are claims people make, usually for vehicle damage, and most of them never become lawsuits.

Firestone certainly knew there had been accidents and injuries involving tread belt separations of our tires on Ford Explorers. Company and outside experts had examined tires involved in a number of those accidents. Again, those analyses did not suggest any problem with the tires. It was only when we focused on the property damage and other accident claims data that we saw the potential problem with the tires we ultimately decided to recall.

Working together with Ford, Firestone has taken extraordinary measures to speed up the recall by urging other tire manufacturers to ramp up production, by airlifting tires from Japan, and by significantly increasing the output of American plants. Firestone is also reimbursing customers who replace recalled tires with competitors' brands.

Firestone welcomes the opportunity to set the record straight in its testimony before the Committee. To that end, Firestone has given the Committee the documents produced to the NHTSA and the Company's responses to questions asked by the Committee's investigative staff. This testimony also provides further background information regarding the manufacture and use of tires and the reasons for and status of the recall.

## **I. Steel Belted Radial Tires and Tread Belt Separations**

Since its introduction in the 1970s the steel belted radial tire has become the predominant tire used on American vehicles, including passenger cars, light trucks and sport utility vehicles. The term "steel belted radial" refers to a tire that includes within the body of the tire multiple steel belts that provide support for the tread and stability to the tire. Steel belted radial tires are manufactured in layers encased in "skim stock," or rubber compound. Once the layers are assembled in the tire manufacturing plant, the tire is "cured," a process involving the application of heat and pressure to the raw or "green" tire. What emerges from the curing mold is the finished tire, which is fully inspected before it leaves the factory.

The manufacture of steel belted radial tires is a complex procedure utilizing a host of raw materials, assembly procedures, and other processes. Steel belted radial tires have provided the American driving public with literally hundreds of trillions of miles of safe service. However, unlike most of the components of a vehicle, tires are subjected to continuous severe operating conditions because they are always in contact with the road. Tires fail and tires wear out. This is why vehicles are sold with spare tires and why in

1999 alone more than 270 million tires removed from service were disposed of the United States.

If a steel belted radial tire is damaged or improperly maintained, the inner components of the tire may begin to separate, particularly when there is excessive heat build-up within the tire, which is most commonly caused by underinflation. The causes of underinflation are numerous, and include punctures, road hazards, improper repairs, and simple lack of maintenance. A steel belted radial tire operated in a chronically underinflated state will tend to show inner component breakdown, eventually leading to a tread belt separation.

Tread belt separations do not often lead to accidents. In most situations, drivers are able to bring their vehicles to a safe stop on the side of the road. In some tread belt separations and other tire disablements, drivers do lose control, and accidents, including vehicle rollovers, can occur. If the driver in this situation has taken the all important, and in most states mandatory, precaution of fastening the safety belt, even vehicle rollovers are less likely to cause serious injury or death.

## **II. The Performance and Safety Record of P235/75R15 Firestone Radial ATX, ATXII and Firestone Wilderness AT Tires**

### **A. General Production Numbers and Usage of ATX and Wilderness Tires**

Firestone manufactured the P235/75R15 Radial ATX tires from the mid-1980s until this year. This tire type was approved as original equipment on the initial Ford Explorer. The approved application was designed and manufactured to performance specifications provided and approved by Ford. When Ford redesigned the Explorer in 1994, Firestone redesigned the tire, again to Ford's performance specifications. Further

vehicle design changes in 1996 led to the new P235/75R15 Wilderness AT tire, which replaced the Radial ATXII at approximately that time. Firestone estimates that it has manufactured more than 20 million Radial ATX and ATXII and Wilderness AT tires in the P235/75R15 size.

The Radial ATX and Wilderness AT lines have been used primarily for all-terrain sport utility vehicles. Approximately seventy percent of Firestone's production was manufactured for original equipment installation primarily on Ford Explorers. The other thirty percent was devoted to replacement tires used primarily on Explorers and other SUVs.

Because of the solid field performance of the ATX and Wilderness lines on the popular Ford Explorer, Firestone's first notice of a lawsuit involving a claimed tread belt separation and Ford Explorer rollover was in 1995. This case was ultimately tried to a defense verdict in favor of both Ford and Firestone in Phoenix, Arizona.

**B. Traditional Tire Industry Measuring Sticks for Field Performance**

Since tires are constantly being changed, repaired, and replaced, the tire industry has developed guidelines for tracking field performance, commonly known as "tire adjustment data." An "adjustment" occurs when a customer discovers, for example, uneven or unusual wear on a tire, and brings the vehicle to a tire dealer or store asking for a new or replacement tire. Depending on the reason for the customer dissatisfaction, the retailer "adjusts" the tire by providing the customer with either a new replacement tire or by offering a discount on the customer's purchase of a replacement tire.

In Firestone's system, the retailers track and record this adjustment information, using various adjustment codes for different tire conditions. Tread belt separation is a common reason for adjustments on steel belted radial tires.

Adjustment data provide Firestone with a reliable measure of actual field performance of a particular tire. In contrast, data concerning property damage claims and lawsuits, because of the relatively small numbers of such incidents, are not viewed as reliable indicators of a tire's performance in the field.

Adjustment data for the tires that are the subject of Firestone's recall were within the historically low range of all Firestone tire products, including the adjustments for tread belt separations (Charts 1 and 2). In addition, the number of claims that had been made against Firestone on these tires was consistent with the high volume of production and sales and with the vehicle application. On the lawsuit front, as recently as May 31, 2000, Firestone had been notified of 71 lawsuits involving tread belt separations of ATX or Wilderness AT tires.

Any incident of personal injury or death involving a Firestone product is a matter of great concern to the Company. As previously noted, however, tread belt separation is essentially an inevitable characteristic of tire use in normal service, no matter how well the manufacturer designs and produces the tires. In a large production tire line or type, there will be incidents of tread belt separations and, in America's litigious culture, damage claims.

The P235/75R15 tires in question are an exceptionally large population. The approximately 15 million Firestone tires used on the Ford Explorer are the largest single vehicle application in Firestone's history and perhaps the largest in automotive history.

(Vehicle manufacturers do not often “single source” to the extent Ford has with this popular vehicle.) In such a vehicle population, particularly one involving all terrain tires and the unique loading and hard service of sport utility vehicles and light trucks, some number of tread belt separation incidents and claims would be fairly expected.

Additionally, these types of vehicles present risks and accident severities different from ordinary cars. Rollover accidents present an enhanced potential for injury and death, particularly and principally when occupants do not wear seatbelts.

In February 2000, television station KHOU ran a report on tread belt separations of Firestone ATX and Wilderness tires and their involvement in Ford Explorers rollovers. Following that news broadcast, Firestone received an increased number of claims and lawsuits, the most serious of which seemed to be occurring in the warmest climates in the United States. In May of this year, the NHTSA began a Preliminary Evaluation of certain tires including the radial ATX and Wilderness AT lines. Following the commencement of that May 2000 Preliminary Evaluation, Firestone received notice of an even larger number of claims and lawsuits allegedly involving tread belt separations on Firestone tires, predominantly tires mounted on Ford Explorers. Meanwhile, however, the historical adjustment data relied upon by the tire industry and by the NHTSA to track tire performance continued to indicate that these particular tires did not raise any type of safety issue.

### **III. The Reason and Basis for the Recall**

In July 2000, Firestone provided the NHTSA with adjustment data, data on property damage claims, data on claims for personal injury and lawsuits, and related information regarding the history of the Firestone tire products that were the subject of



the Preliminary Evaluation. Ford requested that Firestone provide Ford with the same information on claims and adjustments. Ford then performed a statistical analysis using Firestone's data. Rather than focus on adjustment data, that analysis focused instead on the smaller and less representative universe of data arising from property damage and personal injury claims. The conclusion drawn by Ford and Firestone from this analysis was that the tires that eventually became the subject of the recall were overrepresented in the claim data. (Chart 3) Tires manufactured in the Decatur plant were also overrepresented.

Given the number of serious accidents involving tread belt separations that surfaced after the onset of the NHTSA preliminary evaluation, and after Firestone reviewed the data analysis as presented and compiled by Ford during the first week of August 2000, Firestone decided, in conjunction with Ford and after advising the NHTSA, to initiate the voluntary recall that is the subject of this hearing.

What that means is that Firestone stepped out of historical tire industry product performance evaluation procedures and relied upon a different form of data to initiate this safety recall. Taking into account the immense popularity of the Ford Explorer and the high number of these vehicles on America's roads, Firestone determined that in the interest of customer and public safety, it should immediately announce a recall of the overrepresented tires. Firestone acted immediately upon its receipt and review of these factors and did not delay the announcement or initiation of the recall for any reason.

Firestone also initiated the recall without identifying or pinpointing any particular cause or explanation for the apparent anomalies in the claim data. In fact, as mentioned above, Firestone's forensic review of tires returned from the field over the past several

years and allegedly involved in such accidents indicated that the treads separated from these tires not because of a design or manufacturing defect, but for particular reasons such as underinflation, punctures, improper repairs, and other general maintenance problems. Thus, none of the yardsticks typically relied upon to measure tire performance indicated that the recalled tires were unsafe. But Firestone decided to proceed with a recall given the heightened concern for the safety of its customers and the motoring public.

#### **IV. Firestone's Root Cause Evaluation**

Firestone decided that it would recall the tires in the overrepresented population instead of waiting to perform an analysis as to why the data showed what it did. Immediately following the recall announcement, Firestone has devoted many employees to the task of reviewing the manufacturing practices and processes of the recalled tires, as well as all other available data to determine a root cause of failures of the tires. Along with Ford, Firestone has analyzed the design and development of the tires at issue, intensively evaluated processes at the Decatur plant, and is now in the process of cutting and inspecting recalled tires, all in an effort to determine the root cause of the tire failures at issue. Ford and Firestone have also conducted a review of Firestone's Technical Center in Akron.

As of the submission of this testimony, Firestone's evaluation is not complete. Firestone is considering all potential factors at this time, including plant operations in the 1994-1995 time period. While Firestone is anxious to complete its root cause evaluation, Firestone realizes that it is of utmost importance that the Company not rush to any judgment.

## **V. Recall/Reimbursement Details**

Firestone is replacing recalled tires as quickly as possible and has been since the day the recall was announced. Rather than wait until we had sufficient tires in inventory to replace the recalled tires, we went forward with the recall on August 9, 2000, out of deep concern for customer safety.

There has been some confusion about the recall program. While we are assuring adequate shipments of replacement tires to the Southern and Southwestern states where more than 75% of the reported accidents have occurred, we are shipping tires to all states. Working together with Ford, Firestone has taken extraordinary measures to speed up the recall by urging other tire manufacturers to ramp up production, by airlifting tires from Japan and by significantly increasing the output of American plants.

Customers whose recalled tires are replaced at one of our 1,500 Company stores, 8,500 authorized retailer locations, or 3,000 Ford, Mercury and Mazda locations, will have their tires replaced, mounted and balanced at no charge, with no taxes charged.

If the customer elects to purchase competitive tires as replacements for the recalled tires, Firestone will reimburse purchase costs, up to \$100.00 per tire, an amount Firestone believes to be fair and reasonable. In the reimbursement situation, the customer needs to obtain and keep a receipt or invoice from the supplier of the tires, return the recalled tires to a Company store, authorized retailer or auto dealer location, obtain a recalled tire surrender receipt, and mail the appropriate documents to Firestone.

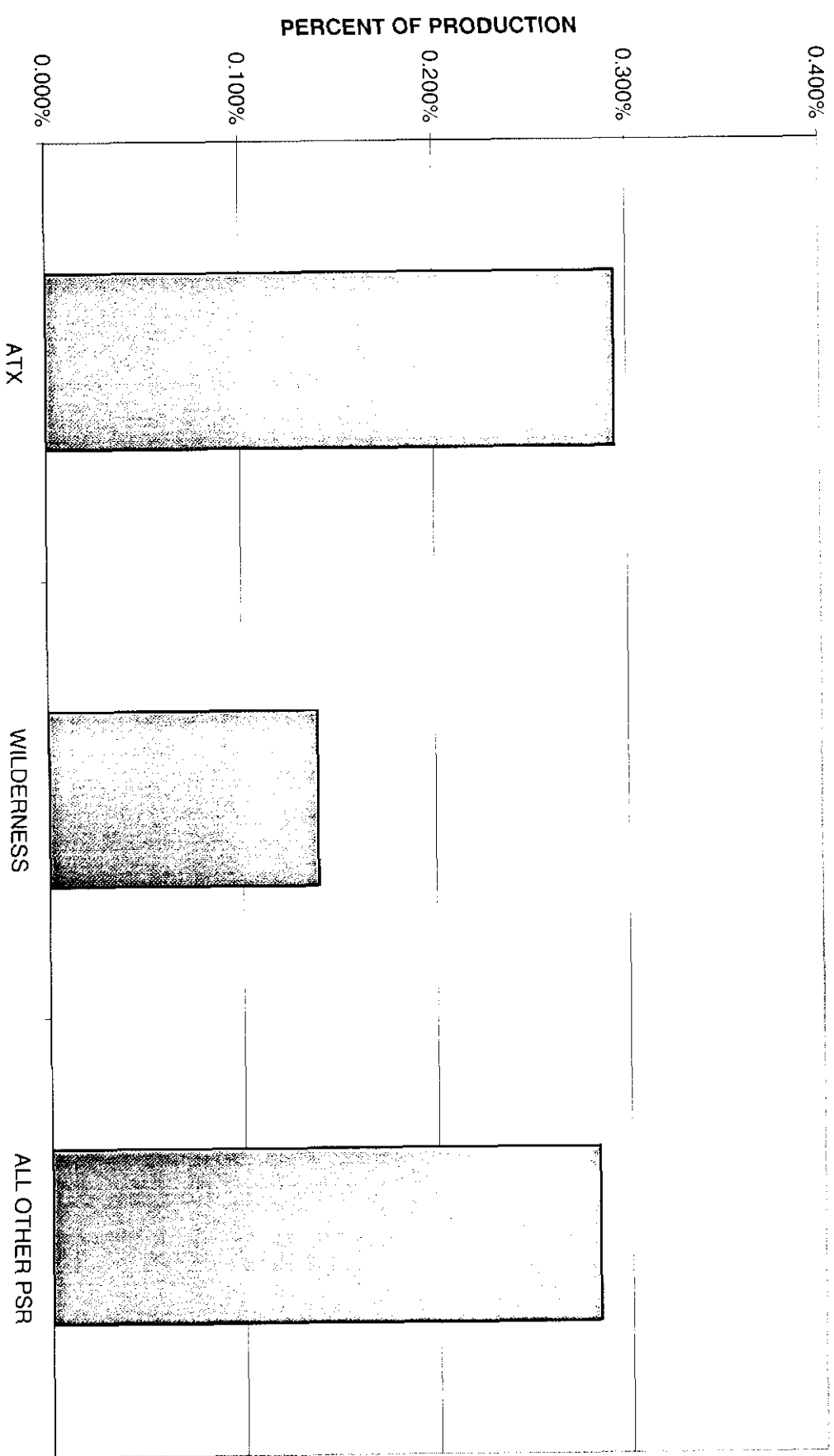
Firestone estimates that nearly 1.5 million tires have been replaced in the first month of the program. Firestone is committed to customers ' safety and urge all drivers to keep their tires inflated to the level specified by the vehicle manufacturer. For drivers of Ford Explorers and Mercury Mountaineers with this size tire we are recommending an inflation of 30 psi.

## **VI. Conclusion**

Firestone acted promptly and responsibly in this difficult situation. It has cooperated and will continue to cooperate fully with the NHTSA and with this Committee.

**FIRESTONE PASSENGER RADIALS  
ADJUSTMENT RATE - ALL CONDITIONS  
PRODUCED AND ADJUSTED 1/1991 THROUGH 3/2000**

Chart 1



**FIRESTONE PASSENGER RADIALS  
ADJUSTMENT RATE - TREAD/BELT CONDITIONS  
PRODUCED AND ADJUSTED 1/1991 THROUGH 3/2000**

Chart 2

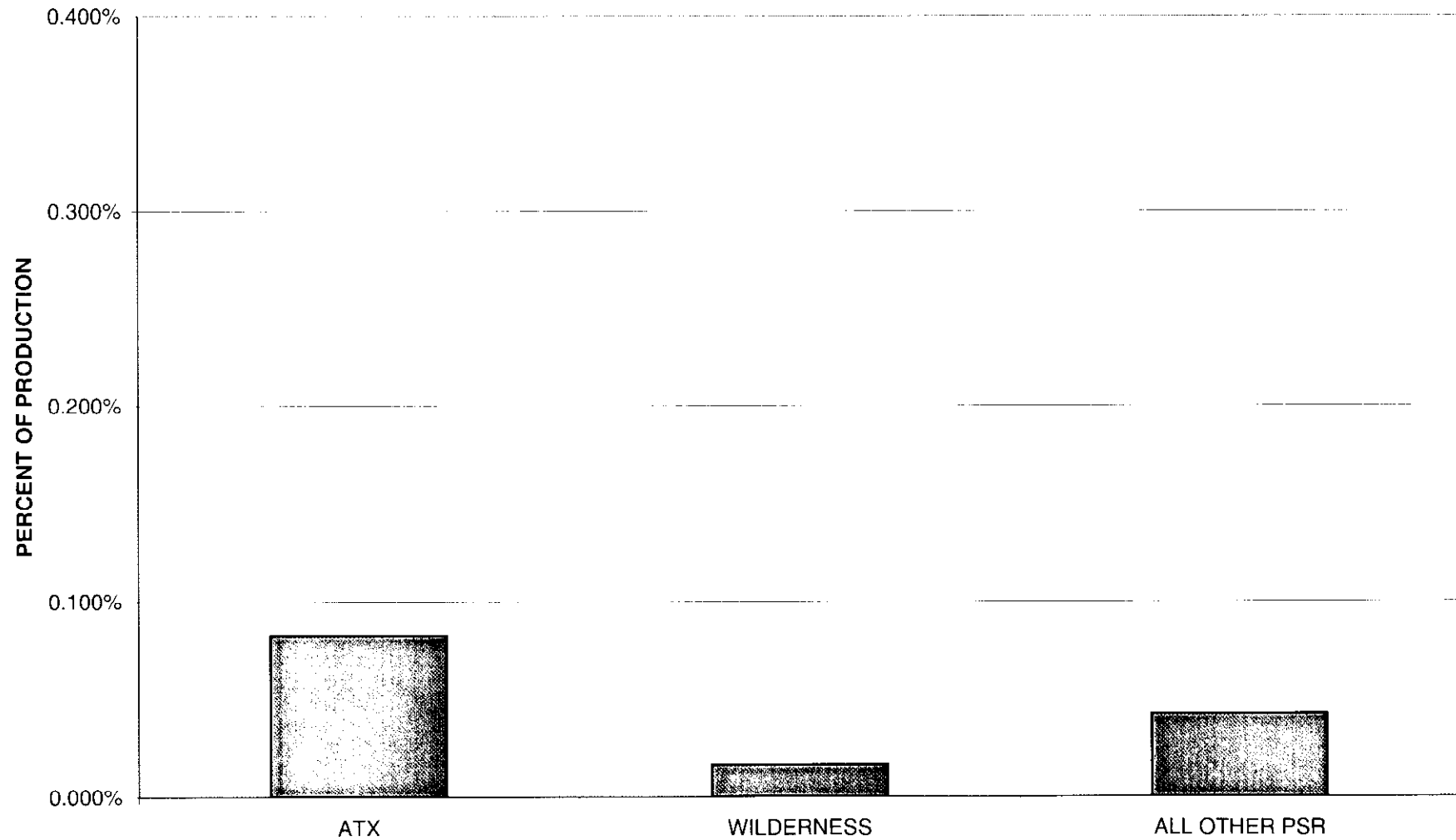
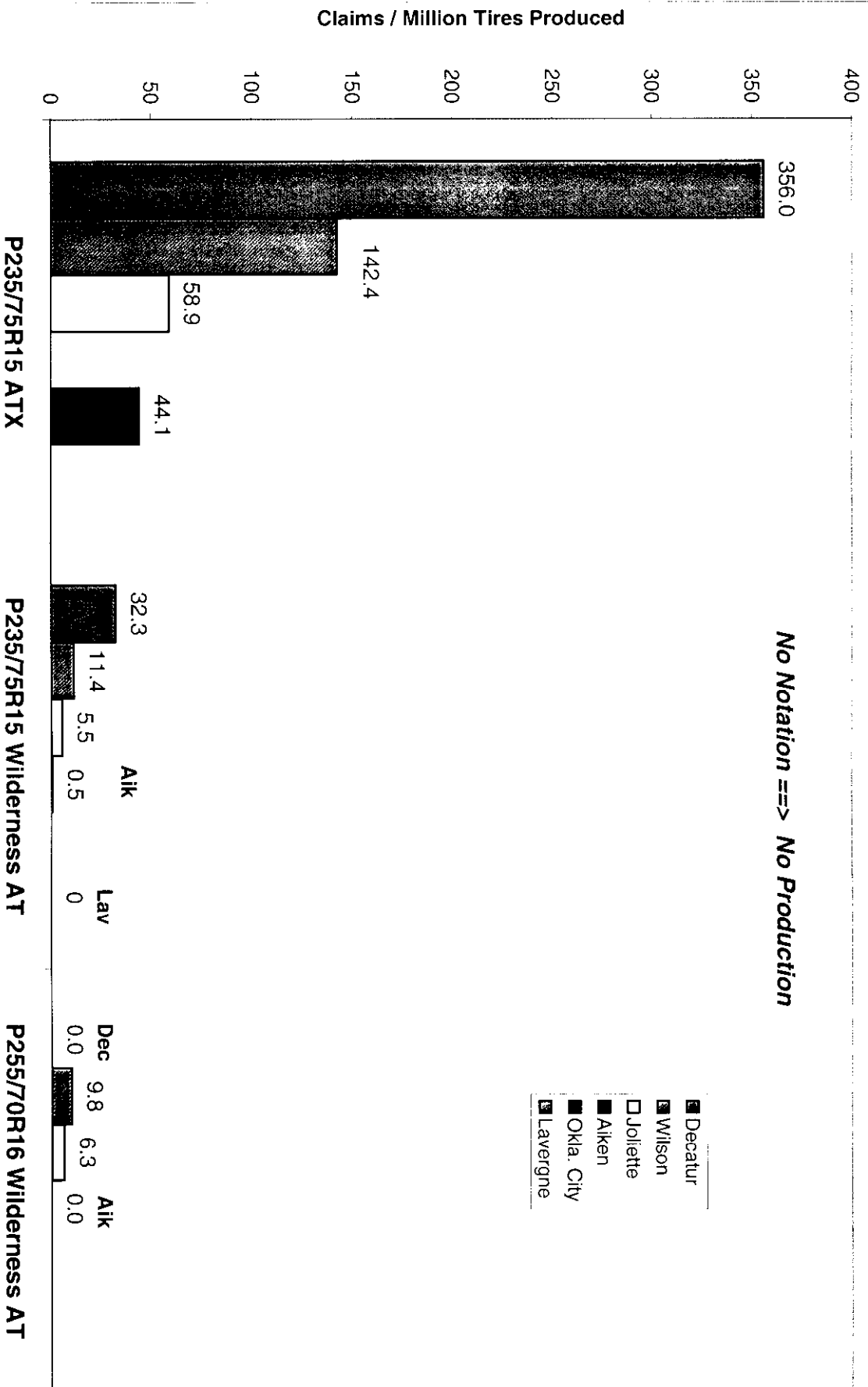


Chart 3

Total Claims / Million Tires Produced  
P235/75R15 Recall Sizes and P255/70R16



**TESTIMONY OF MASATOSHI ONO  
CHIEF EXECUTIVE OFFICER  
BRIDGESTONE/FIRESTONE, INC.**

**BEFORE THE  
HOUSE COMMERCE COMMITTEE  
SEPTEMBER 6, 2000**



CHAIRMAN TAUZIN, MR. UPTON AND MEMBERS OF THE COMMITTEE:

AS CHIEF EXECUTIVE OFFICER, I COME BEFORE YOU TO APOLOGIZE TO YOU, THE AMERICAN PEOPLE AND ESPECIALLY TO THE FAMILIES WHO HAVE LOST LOVED ONES IN THESE TERRIBLE ROLLOVER ACCIDENTS. I ALSO COME TO ACCEPT FULL AND PERSONAL RESPONSIBILITY ON BEHALF OF BRIDGESTONE/FIRESTONE FOR THE EVENTS THAT LED TO THIS HEARING. WHENEVER PEOPLE ARE HURT OR FATALLY INJURED IN AUTOMOBILE ACCIDENTS, IT IS TRAGIC. WHENEVER PEOPLE ARE INJURED WHILE RIDING ON FIRESTONE TIRES, IT IS CAUSE FOR GREAT CONCERN AMONG BRIDGESTONE/FIRESTONE MANAGEMENT AND OUR 35,000 AMERICAN EMPLOYEES.

ON AUGUST 8, WE MET WITH THE NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION. WE REVIEWED WHAT WE KNEW -- AT THAT TIME -- ABOUT THE PERFORMANCE OF THE TIRES WHICH ARE ASSOCIATED WITH TREAD SEPARATIONS AND ACCIDENTS PRIMARILY ON THE FORD EXPLORER VEHICLE. ON THE FOLLOWING DAY, AUGUST 9, BRIDGESTONE/FIRESTONE ANNOUNCED A VOLUNTARY SAFETY RECALL OF 6.5 MILLION TIRES.

SINCE THAT TIME, OUR HIGHEST PRIORITIES HAVE BEEN TO COMPLETE THE RECALL AS QUICKLY AS POSSIBLE AND TO DETERMINE THE ROOT CAUSE OF THE TIRE FAILURES.

AT THIS TIME WE HAVE REPLACED NEARLY TWO MILLION OF THE RECALLED TIRES. WE HAVE MAXIMIZED WORLDWIDE PRODUCTION OF REPLACEMENTS FOR TIRES THAT HAVE BEEN RECALLED. TO SPEED UP THE PROCESS, WE ARE USING OUR COMPETITORS' TIRES AND AIR LIFTING ADDITIONAL REPLACEMENT TIRES AND THESE SHIPMENTS WILL CONTINUE AS LONG AS NECESSARY.

WE HAVE A TEAM WORKING AROUND THE CLOCK USING ALL OUR AVAILABLE RESOURCES TO TRY AND DETERMINE THE ROOT CAUSES FOR THE TIRE PROBLEM. WE ARE REVIEWING EVERY ASPECT OF OUR MANUFACTURING AND QUALITY CONTROL PROCESSES. THIS INCLUDES MICROSCOPIC EXAMINATION OF MANY RECALLED TIRES. IN ADDITION, WE ARE WORKING WITH FORD MOTOR COMPANY AND EXPERTS TO THOROUGHLY EXAMINE EVERY POSSIBLE CAUSE.

UNFORTUNATELY, I AM NOT ABLE TO GIVE YOU A CONCLUSIVE CAUSE AT THIS TIME. HOWEVER, YOU HAVE MY WORD THAT WE WILL CONTINUE UNTIL WE FIND THE CAUSE.

WHILE WE SEARCH FOR THE ROOT CAUSE, WE ARE ALSO UNDERTAKING THE FOLLOWING ACTIONS:

FIRST, WE WILL APPOINT AN OUTSIDE INDEPENDENT INVESTIGATOR TO ASSIST IN TIRE ANALYSIS AND DETERMINE THE ROOT CAUSE OF THE TIRE PROBLEM WE HAVE EXPERIENCED. WE ARE TAKING THIS ACTION TO HELP ASSURE YOU AND THE PUBLIC THAT FIRESTONE TIRES ARE RELIABLE NOW AND IN THE FUTURE.

SECOND, WE WILL FULLY COOPERATE WITH THIS COMMITTEE ABOUT THE SAFETY AS WELL AS PROBLEMS THAT HAVE OCCURRED WITH OUR TIRES. WE WILL RELEASE DATA AND INFORMATION IN ORDER TO ASSURE CONSUMER SAFETY WITH OUR PRODUCTS.

THIRD, WE ARE ACCELERATING THE ROLLOUT OF A NATIONWIDE CONSUMER EDUCATION PROGRAM. THE PROGRAM WILL BE RUN THROUGH MORE THAN 7,000 COMPANY STORES AND FIRESTONE DEALERS. IT WILL PROVIDE CONSUMERS WITH INFORMATION ON PROPER TIRE MAINTENANCE THROUGH THE USE OF IN-STORE VIDEOS, SHOWROOM DISPLAYS, BROCHURES, WINDSHIELD TAGS AND TIRE PRESSURE GAUGES.

FOURTH, WE PLEDGE TO CONTINUE WORKING WITH NHTSA TOWARD DEVELOPING EARLY UNDERSTANDINGS AND COMPLETE REPORTING OF ACCIDENTS AND DEVELOPING APPROACHES THAT MAKE IT EASIER FOR DRIVERS TO DETERMINE TIRE PRESSURE.

IN CLOSING, THIS YEAR FIRESTONE IS OBSERVING ITS 100<sup>TH</sup> ANNIVERSARY. IT IS A PROUD HISTORY. HENRY FORD USED FIRESTONE TIRES ON THE ORIGINAL MODEL-T. FOR 100 YEARS, MILLIONS OF FAMILIES HAVE PLACED THEIR TRUST AND FAITH IN THE GOOD PEOPLE OF FIRESTONE. WE FEEL A HEAVY RESPONSIBILITY TO MAKE CERTAIN THAT WE ARE WORTHY STILL OF YOUR CONTINUED TRUST AND CONFIDENCE.

WITH YOUR PERMISSION, I WOULD NOW LIKE TO ASK TWO OF MY SENIOR EXECUTIVES TO JOIN ME SO THAT WE CAN MORE EFFICIENTLY RESPOND TO YOUR QUESTIONS. MR. GARY CRIGGER IS EXECUTIVE VICE PRESIDENT, BUSINESS PLANNING AND MR. BOB WYANT IS VICE PRESIDENT, QUALITY ASSURANCE.

THANK YOU.